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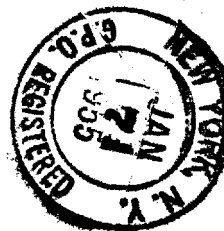
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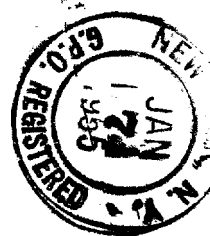
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September 25, 1954

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THE INTERNAL POSITION OF THE MENDES-FRANCE GOVERNMENT

This memorandum is made up of two parts from different sources. One (I) deals primarily with the makeup of the government; the other (II) with the internal French political situation and the Soviet connections with it. The second is from a well-informed Leftist source, the first from one primarily Rightist. The degree of agreement between them is remarkable.

I.

The New Left, which supports Mendes-France, is a coalition made up not so much of the existing political parties, but rather of strong and clever personalities who are unlikely to achieve any visible organizational connection. The connections of this New Left to Soviet offices have been concealed but are detectable. Considering that the New Left as a result of its origin - Resistance and Gaullists - is Communist penetrated, the most particular contacts are through Beuve-Méry, Mme. Sauvageot, Boris, Claude Bourdet and Charles Bettelheim. There is no doubt that there are other numerous contacts. However, it should not be believed that the men of the New Left who hold communications with the Communists are themselves more or less concealed Communist agents. There are more Left-wing intellectual Utopians who believe they can make use of the Communist Party, or short-sighted Nationalists who are trying to carry France along the lines of her classical foreign policy, an alliance with Russia.

The reanimation of the Resistance movement, which has long been dropped by the Right wings of the MRP and SFIO, is very important in the position of the New Left; so is the fact that it is under the influence of Jewish circles which remain irreconcilable with Germany. For an estimate of the current situation there is needed attention to the split between the allies and enemies of the Communists within the Jewish, Freemason, Socialist and Radical groups. It should not be forgotten that there are similar divisions in the English speaking countries. This gives the New Left opportunities for world-wide propaganda.

The scarecrow of a new Popular Front, raised by the French Premier at Brussels, can only impress ill-informed persons. A Popular Front along the lines of 1936 has become impossible. What can happen is a visible participation of the Communists in the government. This development would produce an effect of shock in the US. But it would hardly alter France's current foreign policy. However, it is not improbable that such a development would take place unless the Soviets felt it necessary to demonstrate their strength in Western Europe by such a measure. The Communist Party can very well afford not to participate in the government which is carrying out a policy agreed upon in Moscow.

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The personal and political connections of the government in the army, the police, justice, and the internal administration are worthy of notice. They indicate a long-prepared plan. At the same time they demonstrate the naivete of the Pinay government, which could not bring itself to undertake the necessary purges. They also indicate that Mendes-France has decided to remain in power in any event. If Parliament - where he has only a narrow majority - should vote non-confidence, he will immediately dissolve it and proceed to a new election with all the powers at his disposal. For this purpose it was necessary to him to make the Socialist Le Trocquer President of the Assembly.

The internal political situation of France has the following characteristics:

- a. A position similar to that of Czechoslovakia before the 1948 putsch.
- b. It is unlikely that unless the Soviets find it necessary, there will be a Communist grab for power; under the circumstances the Communists will probably retain their position as silent partners.
- c. As a result, the isolation of the Communist Party has come to an end. They now occupy the key position in French political life.

The institutions, which need to be altered before there is any big change, will for a while remain as they are. The Socialization of industry on a large scale cannot be expected; later, in two years perhaps, the rationalization of industry which has already been voted, will be made to serve that purpose. However, if Mendes-France becomes insufficiently useful to the Soviets (which may come about through his desire for power) it would be easy for the Communists to rouse the left against him and eject him from his post in favor of someone like Pierre Cot.

II.

The Politburo of the French Communist Party does not expect any major political crisis before the spring of 1955. At this time the necessity for a further devaluation of the franc will become acute. The Politburo was informed of Mendes-France's willingness to undertake strong financial measures and to devalue the franc even before he took office. It sent Jacques Cogniot, a member of the Central Committee of the Party, to Moscow for a conference with M. A. Suslov, Chairman of the International Bureau, who is responsible for Communist policy in France. As a result of this conference Mendes-France was secretly assured by Molotov at Geneva about Soviet willingness to help in meeting the economic consequences of the new financial measures.

This help is to take two main lines. Important commercial treaties will be offered to France by the USSR, China, Czechoslovakia and Poland to balance any loss in American financial assistance, and, if the economic stability of France is endangered by the Mendes-France measures, the Soviet would at once intervene in the world gold market.

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The Soviet offer was made on the basis of French guarantees secured by Jacques Duclos, Parliamentary leader of the Communists, before Mendes-France took office. These guarantees, fully accepted by the Politburo, were:

- a. Rejection of EDC.
- b. Neutralization of any plan for semi-controlled German rearmament.
- c. Silent liquidation of NATO.

In return, Mendes-France received the agreement of the Politburo to the following items:

- a. Intervention of the Kremlin in favor of an acceptable settlement in Indochina.
- b. Abandonment of Communist help for the nationalist revolts in North Africa.
- c. Pressure on the CGT (Confederation Generale de Travail) to stop social agitation in France.

When Mendes-France returned from Geneva with the promise of a truce in Indochina fulfilled, he was desirous to free his government from any charge of American influence, and felt himself popular enough to propose to his chief associate, Edgar Faure, the immediate devaluation of the franc. Faure is more interested in putting pressure on the US to maintain its financial assistance than in the formation of a Franco-Soviet alliance in Europe; he also feared the political consequences of devaluation, and refused to agree with his chief.

The issue will go before the congress of the Radical Socialist Party at Marseille in October, but no settlement is expected. Edouard Herriot, dean of the party, is insisting upon the fullest possible support of the Radical Socialists for a policy of complete change in international and internal alignments. As early as 1930 Herriot was pushing the policy of a "bridge" between East and West in the form of an alliance between France and the Little Entente (Czechoslovakia-Yugoslavia-Rumania) with Soviet help, as a balance to Anglo-German influence. He has never abandoned this concept, and although he is almost insane, his position as the venerated leader of the party enables him to enforce his desires.

It can be taken as granted that Herriot's protection at Marseille will save Mendes-France from the intrigues being launched by Martinaud-Deplat. The opponents of Mendes-France are perfectly aware of the real aims of his policy, but they are hampered by the fact that the whole current political regime in France is regarded by public opinion as moribund. A return to a government headed by such discredited old leaders as Bidault, Plevin, Reynaud, Schuman, Laniel and Pinay, would be ridiculed and distrusted from the start. The French bourgeoisie are opposed to the manner in which Mendes-France is leading France toward the Soviet orbit, but they have been unable to produce a new, young and dynamic leader. While this condition endures, the position of Mendes-France cannot be seriously jeopardized from this direction, even though the coalition of his opponents, headed by Pinay and Martinaud-Deplat has been making impressive gains.

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No attack on Mendes-France from the Socialist side can be expected to develop. The organizer of the movement against Mendes-France from this direction is Guy Mollet; he lacks courage and is very dependent upon the attitude of the British Labor Party to German rearmament.

Mendes-France is well informed about political evolution in the British Labor Party. He is speculating on the final refusal of the London Parliament to agree with semi-controlled German rearmament, with the conservative opposition of the 1922 Committee (composed of the defenders of industry threatened by German competition) joining the Left wing of the Labor Party in the final showdown. In coming months this will allow Mendes-France to insist, without serious risk, on "new plans" for German rearmament. He is quite well aware that such plans could have no practical result, and believes that insistence on a rearmament plan would enable him to retain the indulgence of the US toward his political maneuvers.

These tactics will undoubtedly help Mendes-France to counter the negotiations of Guy Mollet for the constitution of a Socialist-MRP coalition against him. Bidault, seeking to revenge the defeat of EDC, is not now ready to admit semi-controlled German rearmament. Even if the discussion lasts for months, as that of EDC did, it can hardly reach a favorable conclusion, and meanwhile Germany will stay unarmed.

Such results of Mendes-France's tactics in the internal field cannot but be welcomed by the Soviet government. The Soviets are not eager to bring France, which is considered potentially unimportant by the Kremlin, under control. They are therefore allowing the French Communist Party to support Mendes-France's government, with two main objectives:

- a. To provoke a reaction in West Germany that will cause the fall of the Adenauer government, and with the resultant revival of German nationalism, to prepare the way for an understanding between a reunited Germany and the Soviet Union along the lines of the Hitler-Molotov pact.
- b. To gain time to complete the development of the hydrogen bomb. This is expected to be accomplished not later than the summer of 1956, at which time a new aggressive Soviet policy will replace the current co-existence policy in both Europe and Asia.

The means of coordinating these fundamental Soviet interests with Mendes-France's political future and the local aims of the French Communist Party are at present being discussed in Moscow by Malenkov, Molotov and representatives of the Politburo of the French Communist Party, headed by Duclos. The last is now held solely and personally responsible for the tactical line followed by the Kremlin in France. This tactical line, on which Duclos has staked his political career and even his personal safety, is strongly opposed by Khrushchev and his Maximalist group. They consider Mendes-France as an ambitious intriguer, who at the last minute will try to deceive Moscow as well as the rest. In France, the Khrushchev line is taken by Billoux and the Party "purists", who consider Duclos' procedure as

unorthodox and demoralizing to the social behavior of the French working classes. Ducloux took an outline of Mendes-France's economic plan to Moscow, a plan in which a complete change of the French social structure is envisaged. Ducloux also informed Malenkov of Mendes-France's intention to make serious cuts in military expenses for 1955, taking the risk of the full withdrawal of the Gaullists from his government, as well as that of a definite break with the US. Mendes-France believes that by then he will have enough Socialist support to replace the Gaullists by the SFIO.

The military budget cut can occur in February or March, 1955. In Ducloux' opinion the French Communist Party must be ready to replace the Gaullists in the governmental majority at such a time, and must also assure Mendes-France of the Kremlin's willingness to establish a new balance of power in Europe - a balance based on a Franco-Soviet understanding about the neutralization of Germany, and on gaining Britain's close economic cooperation with the Soviet bloc.

Ducloux is pleading in Moscow for continued Communist support of Mendes-France and asking the Kremlin to agree to the entry of Communists into a new Popular Front government. As a first step, he is proposing the entry into the government of Waldeck-Rochet and Raymond Guyot as ministers in posts of minor importance.

Mendes-France, meanwhile, is convinced that the Americans will not dare to refuse financial support immediately, the only event which could bring about his fall. He has decided to enter actively all negotiations with a view to strengthening the Atlantic alliance, being certain that no positive results are in sight. He hopes that in this way the whole concept will be abandoned or destroyed. Mendes-France is continuing negotiations with Edgar Faure, to whom he is now proposing to give the post of Minister of Foreign Affairs in return for his consent to the devaluation of the franc.

Mendes-France considers this measure indispensable in order to transform France into a progressive partner in the new Leftist Europe. He is ready to submit to this Europe a new collective security pact, sponsored by the Soviet government. This would be an exclusively European pact; Mendes-France is willing to support it in the latest stage of the negotiations, regardless of the American attitude. Mendes-France is skillfully hiding his real intentions, which are wholly in accord with the Kremlin's tactics during the current period of co-existence sponsored by Malenkov.